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Contact: Ira Cohen
773-533-7520

Rep. Davis Expresses Satisfaction over Renegotiation of Changes in Federal Employee Health Benefits

Congressman Danny K. Davis (D-IL07), in his role as Chairman of the Subcommittee on the Federal Workforce, Postal Service and the District of Columbia of the Committee on Oversight and Government Reform, today issued the following statement expressing his satisfaction with the agreement reached between the Office of Personnel Management (OPM) and Blue Cross and Blue Shield Associations (BCBS) Federal Employee Health Program (FEP) over proposed changes in benefits for 2009.

The Congressman stated:

“I am pleased with the constructive response of the Office of Personnel Management and Blue Cross and Blue Shield Associations Federal Employee Health Program to concerns raised by federal employees in proposed changes in the BCBS FEP. I believe that this agreement will help protect federal employees over the coming year.”

“On December 3, 2008 I chaired a Subcommittee hearing on the proposed changes in the ‘standard option’ of the FEP. The change would have resulted in increased out-of-pocket costs for some beneficiaries and a decrease for others. Changes in the BCBS plans for 2009 plan include; a premium increase, changes in payment for services provided by non-participating providers (except in cases of medical emergency or accident), catastrophic limits, copayments and coinsurance for covered services, and increases and decreases in coverage.”

“The most controversial proposed change to the BCBS 2009 Benefit Plan was one requiring beneficiaries covered under the “standard option” be responsible for paying up to \$7,500 for surgery performed by a non-participating (out of network) physician, except in the case of medical emergencies and accidents. Previously, beneficiaries have been responsible for paying 25 percent of the plan’s allowance, plus 100 percent of any billed amount above the plan allowance.”

“The changes were initially spurred by OPM’s concern that patients could not predict their out-of-pocket costs when using non-participating providers until the health care expenses had been incurred. BCBS subscribers filed disputed claims because the balance owed was a large amount, due to the difference between the allowed amount and the billed amount (balanced billing).”

“However, hearing witnesses Walton Francis, Author of the Checkbook’s Guide to Health Plan for Federal Employees, and Dr. Peter Petrucci, President of the Medical Staff for Sibley Hospital, testified that the 2009 benefit changes were not adequately publicized and that there are solutions to the “balanced billing” problem raised by OPM that do not include a hefty \$7,500 penalty.”

“During the hearing I requested that the Office of Personnel Management delay the December 8th open season deadline allowing BCBS and OPM to reach a better solution to the “balanced billing” problem and give BCBS subscribers more time to determine whether or not to opt out of the health plan. I was joined by Delegate Eleanor Holmes Norton who noted that OPM was unable to articulate a good reason for opposing extension of the deadline and Representative Elijah Cummings who suggested that employees need to know about the drastic changes that are being made to their health plans – and they need an opportunity to switch plans should they decide to do so.”

“Under the newly renegotiated benefit, beneficiaries will be responsible for up to \$7,000 for surgery performed by a non-participating (out of network) physician, except in the case of medical emergencies and accidents. Beneficiaries will be required to pay 30 percent of the plan’s allowance, plus 100 percent of any billed amount above the plan allowance.”

“To provide ‘standard option’ beneficiaries with information to help them avoid unexpectedly high “balance billing,” FEP will begin a pre-approval process for out-of-network surgeries costing \$5,000 or more. It is expected that the pre-approval process will provide specific benefit

information to help estimate out-of-pocket costs thus permitting more informed decisions about health care costs.”